

How to set up a people based  
accounting system that makes your  
small business work for you.

By

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Title	How to set up a people based accounting system that makes your small business work for you.
Chapter 1	Overview of the accounting system.
Chapter 2	Accounts Receivable/ Customer Relations Manager.
Chapter 3	Accounts Payable/ Vendor/ Employee Relations Manager.
Chapter 4	Internal Auditor/ Bank Relations Manager.
Chapter 5	Small Business Owner.

## Chapter 1 Overview of the accounting system.

This is an accounting system based on four people:

1. Customer Relations Manager.
2. Vendor/ Employee Relations Manager.
3. Internal Auditor/ Bank Relations Manager.
4. The Small Business Owner.

The following chapters provide a job description and list of reporting responsibilities of each position. This system provides for delegation and segregation of duties and assignment of accounting responsibilities. The system enables the business owner to make the business work for him/her.

## Chapter 2      Accounts Receivable/ Customer Relations Manager.

The customer relations manager prepares invoices, reports on sales and follows up on collections of accounts receivable. This person is responsible for sales revenue accounts and accounts receivable accounts. In the periodic management meetings the customer relations manager is responsible for reporting on cash flow coming in from customers. This person is also responsible for preparing the periodic sales tax reports.

### Chapter 3      Accounts Payable/ Vendor/ Employee Relations Manager.

The Vendor/ Employee Relations Manager writes checks payable to vendors and to employees. This person is responsible for expense accounts, small asset purchases, payments on loans, payroll accounts, and accounts payable accounts. In the periodic management meetings, the Vendor/ Employee Relations Manager is responsible for reporting on cash flow going out of the bank. This person is also responsible for preparing quarterly and annual payroll tax reports and for making payroll tax deposits.

## Chapter 4 Internal Auditor/ Bank Relations Manager.

The Internal Auditor prepares monthly bank reconciliations. If cash receipts are not recorded, they are reported to the Accounts Receivable Manager so they can be properly recorded in the future. If cash disbursements are not recorded, they are reported to the Accounts Payable Manager. This position is also responsible for all bank loans for large asset purchases or lines of credit. The Bank Relations Manager is responsible for coordinating cash receipts from Accounts Receivable and cash disbursements from Accounts Payable and arranging interim financing (lines of credit) when necessary.

This position is the key accounting position and it is also called Small Business Tax Bookkeeper. This person knows the computer accounting system inside and out and also trains the Accounts Receivable and Accounts Payable Managers when necessary.

## Chapter 5      Small Business Owner.

By now you realize if you are running your small business, you are doing the work of three people. The Small Business Owner approves invoices and signs checks to vendors and to employees. The Small Business Owner also conducts Monday morning meetings with the Accounts Receivable Manager and the Accounts Payable Manger and the Internal Auditor. The cash flow for the week and for the month are discussed and planned at these meetings. So this is how it works. The Small Business Owner delegates Accounts Receivable, Accounts Payable, and Internal Auditing Responsibilities to three employees. These employees report to the Small Business Owner at weekly meetings. In this manner, the Small Business Owner establishes a people based accounting system that assumes responsibility for running the business. It is that simple!